



County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 20, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "WTF", followed by a stylized flourish.

SACRAMENTO UPDATE

This memorandum provides an update of Governor's actions on legislation relating to the enactment of the *2010 State Budget Act* and information on the implementation of health care reform.

State Budget

Yesterday evening, Governor Schwarzenegger signed 19 budget trailer bills, which along with his signing of **SB 870**, the Omnibus Budget Bill, on October 8, 2010, would enact various elements of the *2010 State Budget Act*. A copy of the Governor's legislative actions is attached.

Mandate Securitization

The Governor also vetoed **SB 866**, the Local Government Finance measure, which would have authorized the creation of a mechanism for cities, counties and special districts to securitize future payments associated with deferred mandate reimbursements owed by the State to local governments for FY 2004-05 and prior years. In his veto message, the Governor indicated that he could not sign this bill given the State's fiscal situation and because it would require payment on a specified schedule, increase costs through higher interest payments, and it changes payment priority order for other transactions, such as Revenue Anticipation Notes and lease revenue debt service.

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As reported in the October 14, 2010 Sacramento Update, **the State owes local governments an estimated \$1.0 billion for pre-2004 mandate reimbursements, of which, Los Angeles County is owed approximately \$186.7 million.**

Health Care Reform

On October 18, 2010, the Administration held a briefing on the implementation of health care reform. Secretary of Health and Human Services Kim Belshé indicated that the goals of health care reform in California include: “near” universal health coverage, a better health care delivery system, and the improvement of the health status for Californians. Administration officials also discussed other issues including: 1) public program expansion; 2) the Health Benefit Exchange; 3) workforce development; and 4) wellness and prevention.

Public Program Expansion: The key elements of the public program expansion are Medicaid coverage for childless adults up to 133 percent of the Federal poverty level and the elimination of the asset test to determine eligibility. It is anticipated that about 850,000 childless adults would be covered.

Health Benefit Exchange: SB 900, Chapter 659, Statutes of 2010, and AB 1602, Chapter 655, Statutes of 2010, established the structure, duties and responsibilities for the Health Benefit Exchange, which will help consumers and small businesses to purchase affordable health insurance beginning in 2014. Under the Health Benefit Exchange, a five-member governing board will have the authority to negotiate and to selectively contract with a variety of health providers.

Workforce Development: Grants, loans and scholarships will be made available to States to increase the number of primary care training slots for medical residents, physician assistants, and nurse practitioners. One of the goals is to target health care providers in underserved communities, which have the greatest shortage of workers.

Prevention and Wellness: This component of health care reform aims to improve the health of Californians by promoting healthier eating habits and increased physical activity, ensuring access to preventive care by eliminating co-payments, and imposing nationwide menu labeling requirements for chain restaurants. California already has secured grant funding for a variety of programs, including the Maternal, Infant, and Early Childhood Home Visiting Program for at-risk communities, and strengthening public health infrastructure for improved health outcomes.

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Administration officials also noted that another key element of health care reform would be the next 1115 Medicaid Waiver, which includes the coverage of Seniors and Persons with Disabilities in managed care programs.

We will continue to keep you advised.

WTF:RA
MR:DS:sb

Attachment

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants



Office of the Governor

ARNOLD SCHWARZENEGGER
THE PEOPLE'S GOVERNOR

PRESS RELEASE

Legislative Update

Governor Arnold Schwarzenegger has signed 19 bills and vetoed one bill:

Signed:

- **SB 208** by Senate President pro Tem Darrell Steinberg (D-Sacramento) - Medi-Cal.
- **SB 524** by Senator Dave Cogdill (R-Modesto) - Transportation funds.
- **SB 851** by Committee on Budget and Fiscal Review - Education finance: Proposition 98: suspension.
- **SB 853** by Committee on Budget and Fiscal Review - Health.
- **SB 855** by Committee on Budget and Fiscal Review - Resources.
- **SB 856** by Committee on Budget and Fiscal Review - State government.
- **SB 857** by Committee on Budget and Fiscal Review - Courts.
- **SB 858** by Committee on Budget and Fiscal Review - Sales and use taxes: income and corporation taxes: collection cost recovery fee.
- **SB 863** by Committee on Budget and Fiscal Review - Local government.
- **ABX6 10** by Assemblymember Bob Blumenfield (D-San Fernando Valley) - Service and volunteering.
- **AB 342** by Assembly Speaker John Pérez (D-Los Angeles) - Medi-Cal: demonstration project waivers.
- **AB 1610** by Committee on Budget - Education finance.
- **AB 1612** by Committee on Budget - Human services.
- **AB 1620** by Committee on Budget - Public works projects.
- **AB 1621** by Committee on Budget - Financial Information System for California.
- **AB 1625** by Assembly Speaker John Pérez (D-Los Angeles) - Public employment: collective bargaining.
- **AB 1628** by Committee on Budget - Corrections.
- **AB 1629** by Committee on Budget - Loan programs for facilities for persons with developmental disabilities.
- **AB 1632** by Committee on Budget - Economic development.

Vetoed:

- **SB 866** by Committee on Budget and Fiscal Review - Local government finance: state-mandated reimbursement receivables.